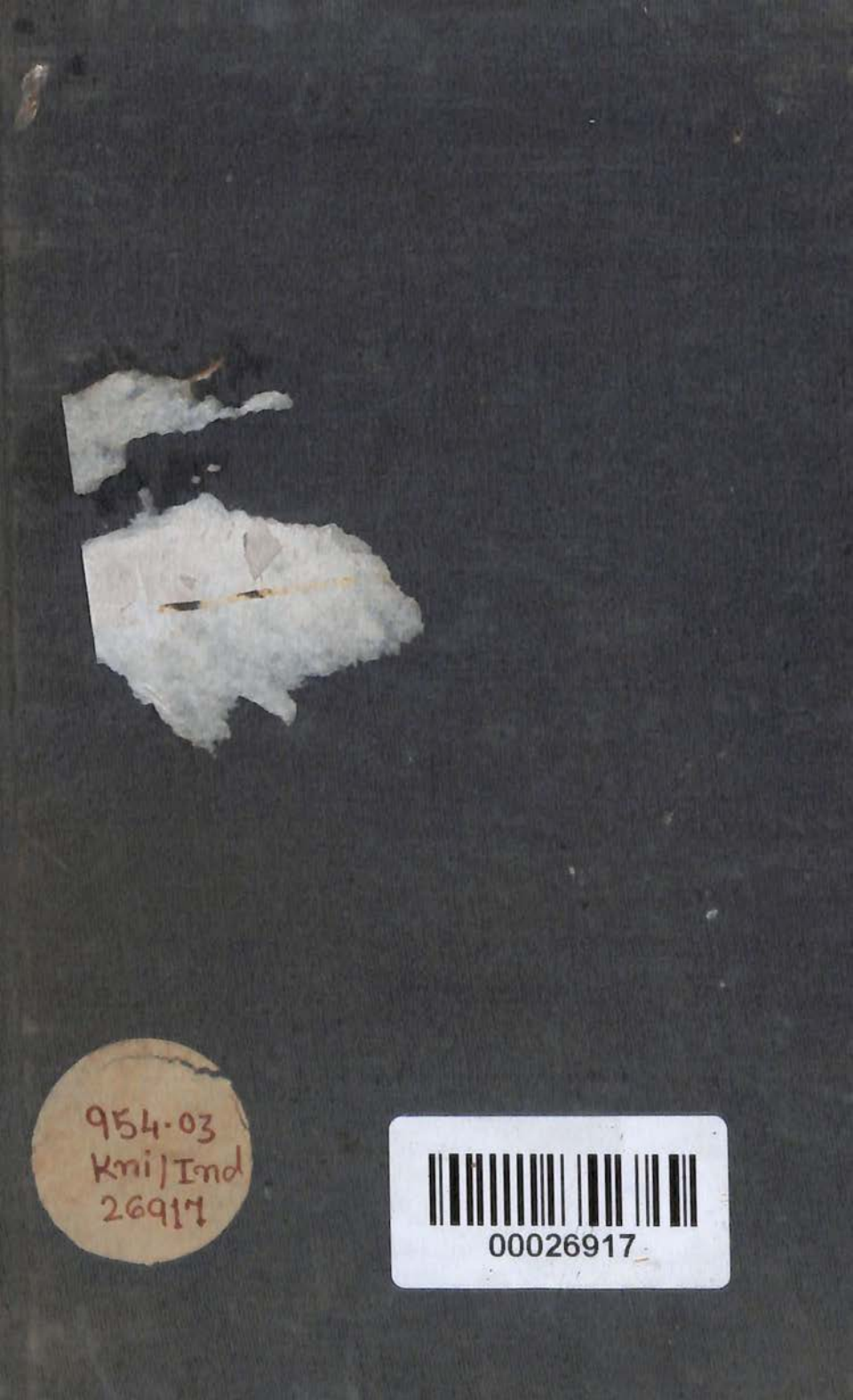
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THE INDIAN EMPIRE,

AND

OUR FINANCIAL RELATIONS THEREWITH.

26917

A Paper Read before the London Indian Society,

MAY 25, 1866.

BY ROBERT KNIGHT,

("TIMES OF INDIA.")

There are many persons who sincerely insist upon it that a writer ought always to endeavor to put his readers in the right and that it is a proof of his not being a friend of it, if he ever puts it in the wrong. This is the way not to be a friend to one's country, but an enemy. It is to bring upon it the disgrace of falsehood and misrepresentation in the first instance, and next, to afford it, all the inducement in the writer's power to persevere in misconduct, or in disgraceful courses.—MILL.

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THE INDIAN EMPIRE,

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OUR FINANCIAL RELATIONS THEREWITH.

It is right and becoming, gentlemen, I think, that we should preface all such inquiries as that we enter upon to-night, with a full acknowledgment of the benefits conferred upon India by the British rule; and I shall speak without reserve to you my convictions upon this head. I am not blind to the defects of English rule in India. Many of you know how severely I have often commented upon those defects, and I am here to-night for the very purpose of insisting upon them. But my judgment is clear that whether we have regard to the comparative, or positive, defects or merits of our rule, it is entitled, upon the whole, to a favourable verdict.

India, I am persuaded, is better off in the hands of Englishmen, than she would be in those of any other people. She is governed with more conscience, with more consideration, and with more sense of responsibility, by my country than she would be by any other. Considering the character of this assembly, and the reflections I shall by-and-bye have to make upon English rule in India, I think it right to premise those reflections by the assertion of my belief that,

upon the whole, your country has been governed by mine with less injustice, and with more consideration, than any other nation would have shown in the same circumstances. And this is owing, gentlemen, I am persuaded, to the fact that the religion which this country professes, has taken a deeper hold upon its life, than has that religion upon any other nation in Europe. You must not construe this language into boasting: Many circumstances, and many centuries, have concurred to make the English nation what it now is. That the all-wise Ruler of the world should have prepared the English people, through a long and favoured history, for the guardianship and rule of nearly 200,000,000 of the human race, is a reflection more fitted to awaken a sense of responsibility, than feelings of boasting self-complacency. When, therefore, I state my conviction that it is happier for your country that it should be ruled by England than by France, or by any other European Power, it is not national self-love that prompts me to make the statement, but a deep persuasion that England is better fitted for the trust than they. It is not, gentlemen, a fortuitous circumstance, a mere thing of chance, that the charge of so large a portion of the human family, has fallen into the hands of England rather than those of France. I say this without the slightest intention of reflecting upon the gallant people of that country, or ministering to the vulgar and offensive assumption of superiority, which Englishmen are so apt to betray.

But I am far from being satisfied, gentlemen,

with what I may call the *comparative* excellence of our rule. It is not enough for the man who feels aright upon this subject, to be told that we have shown more consideration for, and perpetrated less injustice against, the people of India, than the Portuguese, the Dutch, or the French would have done in our circumstances. I believe this to be true; but if Englishmen feel aright upon the subject, they will be far from resting in this persuasion. It is better to inquire wherein we ourselves come short of the standard, than to reflect upon the low attainments of others. Moreover, I cannot doubt that our responsibilities as a people are greater than those of any other nation. India has a right, I think, to look for better government from us than from any other people, on the ground that we make ourselves the Censors of mankind. Well, I believe, upon the whole, that our rule is deserving of this praise.

If we look generally at the facts, what do we find? We see first of all, then, a strong and settled government in the country, maintained with a military establishment of no very great strength, when the size of the territory, and the population of the empire are remembered. We see that army, English as well as native, kept in the strictest discipline. The poorest native of the bazaar has instant remedy at law against aggression, or insult, on the part of the soldiery; and that before a magistracy which, it is constantly complained, shows undue favour to the native. It is matter of fact, as you know, that although India is peopled by a feeble and long-enduring race, and garrisoned by an army of foreign,

rough, self-assertive soldiery, so strict is military discipline, and so impartial the administration of the law, that we never by any chance hear of military oppression of the people, or interference with them in any way. Well, I think the world has never before seen a spectacle like that; and I believe honestly that under any other rule but that of England, it is very doubtful if it would be possible. You must not, of course, confound the personal discourtesies which men of vulgar nature—albeit Englishmen—sometimes show to natives of the country, with defective laws. No law can transmute the narrow-minded, vulgar man into a tolerant and courteous gentleman, and such men are unhappily too common amongst Englishmen as amongst all other people. But the broad fact remains that, though your country is garrisoned by an army of foreign soldiers, and your people have been subjected, through long centuries of oppression, to submit too readily to insult and to wrong, the occupation of your country by the English army is marked by as complete a freedom from outrage, as is the occupation of this. Now this is good government.

While, moreover, the army of India is thus innocuous to the citizen, it is an instrument of perfect efficiency in maintaining peace throughout the country. From Peshawur to Cape Comorin, peace and settled government reign throughout your borders. The present generation of your countrymen are unable to appreciate what this means. A century ago, all India was in a chronic state of war. The country was one vast battle-field of contending

freebooters. The harvests were reaped, if at all, by men with a sword in the one hand, and the sickle in the other. Gaunt famine followed in the red track of war, and the internal history of India at the period of our advent, had long been but a sad chronicle of war, pestilence, and famine. How profound is the peace which the country now enjoys, you are well aware. War has become but a tradition throughout a vast part of the empire, and it is right that the people of India should be reminded sometimes of the great deliverance which English rule has wrought for them in this respect.

Let me invite you next, to contemplate the perfect freedom secured to you under English rule. It is a fact that the people of India are at this moment secured by law, in the enjoyment of rights and liberties, which in England have been attained only after long centuries of suffering and of contest. To begin with, you have perfect religious freedom. No interference whatever is allowed, on the part of any one, with your religious creeds, practices, or endowments. The conscience of every man in India is left as free as it is possible for human institutions to leave it. Disabilities on the ground of a man's religion are unknown; and the Mohammedan, the Hindoo, the Parsee, the Sikh, and the Christian, stand upon a footing of absolute equality before the law. Well, that is good government, I think; such government, gentlemen, as is almost unknown even in Europe.

You have, next, complete personal freedom. It is true you are not as yet governed, and taxed, by representatives elected by yourselves—India being,

as you will readily, I believe, admit, incapable of such government—but it is not the less true that you have complete personal freedom. You can do whatever men may rightly do, in any part of the world. You have, in the next place, unrestricted freedom of the press; and are not only permitted, but are invited and urged, to criticise, as freely as you please, every act of the Government. Nor is this permission accorded in contempt of the power of your press. It is loyally and honestly accorded, as you know, from a sincere desire that the Government may ascertain the real mind of the people, their wants, their wishes, and their grievances. It is impossible, I think, to overlook the testimony which this perfect freedom of your press gives to the conscious integrity of our rule.

Again, you have all the benefits arising from perfect freedom of trade. While many enlightened nations of the world still cling to the policy of Protection, India, under English rule, is deriving the full benefits of an unrestricted commerce with other lands. We levy no protective duties in India—let our sins against her manufactures on this side have been what they may in the past; and the time is not distant, probably, when we shall have free ports throughout the country, and the Custom-house with you will have become a tradition.

In the next place, I would direct your attention to the earnest effort which the Government is making to introduce the highest education into the country. You, gentlemen, who surround me, are living witnesses to the fact. You know well that

there is an honest desire on the part of the Government to see your countrymen educated as highly as our own. The belief that such education would be dangerous to our rule, has been deliberately repudiated by English statesmen as unworthy of Christian men, from its selfishness; and let what may come of your attainments in this respect, you are to have all the help we can give you to attain the highest level we have reached ourselves. Now this is honest, and good, and unselfish government.

And lastly, I may direct your attention to the fact that with all these advantages, your country is one of the lightest taxed countries in the world. This is not the time to enter upon the causes of this happy phenomenon, or any disquisition upon the sources of Indian revenue. Suffice it to say, that the only *taxes* proper which are known in India are the Salt Tax, the Stamp Duty, the Customs, and the Abkarree, producing between them about 12,000,000*l.* a-year, spread over a population of 130,000,000—which shows a pressure of less than 2s. per head per annum. Now there is certainly no other civilised country in the world so lightly taxed as that.

I have now glanced rapidly, gentlemen, at the benefits conferred upon India by English rule, and they are plainly very great. But these benefits give us no right whatever to exact a money compensation for them. We have done no more than it was our duty to do, in giving you the advantages which I have enumerated; and we cannot claim any pecuniary recompense for them whatever, except such as

may come to us indirectly in some of the ways I shall presently point out.

Having thus glanced at the advantages which India enjoys under English rule, it is proper, in the next place, to consider the advantages which England herself derives from her position in your country. And this is the more necessary, because of the prevalent belief that England has very little interest in the maintenance of the connexion. In the first place, then, our administration of the country enables our merchants and manufacturers to secure the advantages which flow from unrestricted commerce therewith. Were India under French or Dutch dominion, it is certain that the East India trade of this country, instead of its present vast dimensions, would have been very restricted in extent. With what ease, for instance, might the French, had they been the rulers of India, have excluded the manufactures of Lancashire from the Indian market altogether, in favour of their own mills. The astonishing growth which the commerce and the manufactures of England have attained, has been so largely the result of our political ascendancy in Asia, that they stand to each other almost in the relation of effect and cause. This consideration alone, when carefully weighed, is sufficient to show how great an interest the people of England have in the maintenance of their Indian empire. The loss of that empire, or its transference to other Powers, would deal a blow at the commerce of England, from which we may reasonably doubt if it would recover. At all events, it is

certain that our political supremacy in Asia has been one of the chief causes of that truly amazing development which the century has witnessed in English trade and English manufactures.

But the beneficial influence exerted by the possession of the empire upon the nation, far from being confined to the mercantile, is shared by all classes, from the peer to the peasant. Take a rapid survey of the *personnel* required for the administration itself. We have first the Vice-royalty and the subordinate Governorships of the presidencies, the ambition of the peers of the realm, as the chief prizes the Crown possesses in the whole breadth of its colonial dominions. Two Lieutenant-Governorships of territories equal in population and extent to the French Empire; half-a-dozen commissionerships of provinces hardly less important, a host of councillorships, embassies, collectorships, magistracies, and judgeships with incomes of princely amount, and a thousand civil appointments subordinate to these. Again, if we turn to the field which India offers to the learned professions, with a prospect of its indefinite extension in the future, we find English lawyers filling the highest judgment seats of the country, with jurisdiction over territories the half of Europe in extent; English lawyers filling the positions of Administrators-General, Advocates-General, Masters in Equity, Legal Remembrancers, Judges of the Small Causes Courts, and crowding the Bar of each presidency for the administration of English law. Without intending any disrespect for a moment to these

gentlemen, the fact is well known that to the majority of English barristers and solicitors who find their way to India, little hope of professional advancement existed at home; while we are all familiar enough with the fact, that a very few years suffice, in general, for them to make their fortunes and retire.

Now, it is the English rule of India that makes this possible, and that rule only. Were the country under French dominion, and were the Code Napoleon the law administered therein, how many of the hundreds of English lawyers who have retired from India with fortunes, or upon handsome pensions, would ever have risen from obscurity and poverty? So again with the medical profession. Of the thousand to twelve hundred physicians and surgeons in the country, each labouring with a prospect more or less sure of a competency, not ten would have been found in India but for the fact of the empire being in our hands. Nor may we avoid mention of the Church, and even the missionary body, which absorb between them and provide for a large body of educated gentlemen; and not only so, but for the education of their families. A consideration of very great importance to the nation, is this family one. The classes we have been enumerating are marrying classes, and it is a matter of national consequence that the families of these gentlemen, as a rule, receive the highest culture and education which money can secure for them. The value of the accession which the nation is receiving, year by year, from its schools

and colleges, in the sons and daughters of the thousands of gentlemen, whose fortunes are linked with the existence of our rule in India, it would be difficult to rate too highly. No other country can reckon upon such an addition year by year to its intellectual classes; and they know little of the elements of national greatness who overlook its value.

To a very considerable extent, again, all we have asserted of the above classes may be affirmed of the body of 10,000 gentlemen who constitute the officers of the united Indian Army. The incomes of a large proportion of these gentlemen permit them not only to marry, but to maintain their families in a rank equal to their own, and to give their children the highest culture they can obtain at home. In its degree, the same may be said of the Education Department of the country now in its infancy, of the department of Public Works, and others. Thus how vast a field is the Indian empire opening to our engineering and railway enterprise, from the humblest skilled workman it is necessary to import, to the scientific head that organizes it! The consideration I would press upon my own countrymen, is the fact that it is the possession of India that makes all this possible. Were the administration of the country to become French or Russian, the field which we now monopolize would pass into the hands of our successors. Not to pursue this part of the subject further, I notice, finally, the large and growing class of English planters, shopkeepers, and tradesmen in India. The point of all

these illustrations is this, that it is our dominion of the country that opens this vast field of lucrative enterprise to English energy, skill, learning, and philanthropy; and the advantages I have enumerated are legitimately our own.

Let it be remembered also, that of the thousands of our countrymen earning their living in India under the protection of English institutions, the benefits of English law, and large classes of them under circumstances calculated to develop the national character in its fairest and best attributes, all but the soldiery, whose term of exile is short, have a prospect more or less sure of retiring to spend the evening of their days in comparative affluence in England. Year after year a ceaseless stream of retirements takes place from the country, with the transfer of the fortunes, or the attainment of the pensions, that have been earned therein. It is not easy to estimate the material benefits derived by England from this source. The Pension List in the Home charges affords but an imperfect index to the extent of that stream of wealth which is constantly being poured by India upon this country, in this unobtrusive manner. The civilian retires to spend for the remainder of his days 1,000*l.* a-year in the country from which he first came, the Indian treasury furnishing him with the means. But few civilians probably leave India who are wholly dependent upon their pensions for support. In the majority of cases, these gentlemen have acquired some fortune, through a long course of economy, and they carry with them its fruits to

enrich the land of their birth. The same transfer takes place with all other classes upon the attainment of the appointed rank or sum, at which they have determined to retire.* What the amount of this transfer annually may be, it is difficult to estimate, but if we add thereto the payment of dividends upon Government stock, the sum total is probably not far short of eight millions sterling a-year, annually raised in India and distilled in a fertilising shower upon English soil.

Thus important as are the direct material benefits which the empire confers upon the home country, we must not overlook the moral and political advantages attending it. The fashion of sneering at old Indians is happily dying out;

* The extent of the material advantages which this country reaps in this way from its great dependency is too little appreciated. As an illustration of its working, I may instance the village of T——, in Hampshire, where I myself am residing. Our *society*—as it is conventionally called—consists of but six or eight families; maintaining establishments of importance in the neighbourhood. Of these establishments one is that of a retired officer of the Indian army, who has been residing there nearly thirty years, and spending an income of "off reckonings" and pension of not less, I suppose, than 2,000*l.* a-year. Other two of the establishments are also those of gentlemen whose income is all, I believe, derived from India; a fourth family of this small society has a very near connexion in high position in the Bengal Civil Service; a fifth has a relative of considerable rank in the army of India; while the boys' school of the place—a somewhat expensive establishment—has several Indian boys, I believe, upon its roll-call. I doubt if the annual expenditure of Indian income in that village falls short of 3,000*l.* to 4,000*l.* a-year; and to a greater or less extent this fertilising expenditure of Indian wealth is taking place all over the kingdom.

and men who watch the tendencies of modern times will notice the annual recruiting of the intelligence of England, with classes peculiarly and highly educated from India, with equal satisfaction and interest. India not only furnishes the means by which thousands of English families are educated to the highest point of refinement and culture, with great political and moral benefit to the State, but in the very maturity of their powers and of their age, sends the wisest of her statesmen and administrators, the foremost of her soldiers, the most successful of her lawyers and merchants, and the most experienced of the professions to recruit English society in its upper ranks. Contrast with this constant stream of wealth, intellect, and character noiselessly forcing its way into the upper strata of English society, the recruiting of which the United States is the subject, from the very dregs of Europe. The room which the Indian empire presents for the enterprise of the classes who have their fortunes to make, and the influence which the return of these classes in mature age and with acquired fortunes exerts, are of considerable influence upon the country, and that influence will by-and-bye be more clearly felt. The prominence with which Indian affairs have stood forward in this country within the last few years, is not wholly attributable to the mutiny, but is largely owing to the working of this Indian leaven in English society. Compared with the considerations I have imperfectly attempted to sketch, the mere addition or loss of a few millions of that

trade which we are flippantly told is the "end-all" of our empire in India is, perhaps, a subordinate consideration. The future will more rapidly, and with growing distinctness, show how vitally this Indian empire has grown, and is growing, into the very being of the mother country.

You have seen—and are, I know, ready to acknowledge—how important are the advantages which you derive from English rule, and I have attempted, on the other hand, to show how great are the advantages which my own country reaps therefrom. The next thing that strikes us, then, in this inquiry, is the fact that while both nations thus derive great advantages from the connexion, the entire cost of maintaining that connexion is devolved upon the poorer one. It is the fact, that while India has to pay a heavy penalty for the advantages which she derives from English rule, we, on the other hand, who encounter no such penalties, refuse to pay anything whatever for the great advantages which we derive therefrom. I say that India pays a heavy penalty for the advantages of foreign rule. In the first place, there is the unavoidable exclusion of her own children from the highest administrative posts in the country, and the substitution to so great an extent of a foreign, for an indigenous executive, in all departments of the State. And this exclusion is, to a large extent, unavoidable. It is part of the penalty which India incurs for her proved inability to govern herself effectively. Every right-minded person, however, will be anxious to see this evil mitigated as far as possible, and a jealous and sus-

tained effort made to substitute native for European agency in every department of the State, where it can be employed with safety. I think we should even be prepared to risk something in effecting this substitution. The exclusion of the people from all the higher offices of the State carries with it a sense of inferiority destructive to their self-respect, and demoralising in its effects; but after all, this exclusion, to a considerable extent, is unavoidable, and forms part of that penalty which India pays for the advantages of foreign rule. Then, again, I am afraid we must include therein the defective administration of justice in the country. English judges administer the laws under difficulties almost insuperable, from their want of insight into native life and character, and defective sympathy therewith. I am glad to believe that this is an evil in process of amelioration, and that, however slow that process may be, it is well defined. A defective administration of justice, however, for a long course of years, is a terrible penalty for any people to pay, and it is a penalty which India has been long paying.

To these unhappy incidents of foreign rule must be added the giant system of absenteeism which it entails upon the country. The fact that India is not our home, that we cannot colonise it, leads to a steady and enormous abstraction of capital annually therefrom, the effects of which have been very disastrous in the past, while they have been very imperfectly, if at all, discerned by English statesmen. My own conviction is absolute, that you may trace the terrible depression of the country throughout the

first half of the present century chiefly to this cause —the steady and enormous abstraction of capital from the country, which followed the substitution of foreign rule therein for native. Now it will be with the consideration of this evil that our chief business will lie to-night—in other words, with the tribute which India annually pays to this country for the privilege of being ruled thereby. I want to point out to you how far I consider that tribute to be right and unavoidable, and to state the grounds on which much of it, as I believe, should be remitted, as inequitably exacted.

We start with the broad fact that while both nations are deriving important advantages from the connexion, the cost of maintaining that connexion is devolved wholly upon India. Well, is that just? Is it right that England should derive the important advantages she does from her rule in India, while she contributes nothing whatever to the cost of maintaining that rule?

In this inquiry, I want the company of no man who is not desirous of making a just award between the two countries. If it be right and just that the Indian revenues should bear the whole cost of the connexion, then let those revenues continue to bear it. But if it is neither right nor just that Indian industry should be thus taxed, and if the exaction is maintained only because the one country is subject to the other, then let the practice be discontinued. That man is no lover of his country who, with a clear conviction that his countrymen are committing injustice, idly or perversely refuses to exert his influence to set them right.

It is desirable, perhaps, before proceeding further, to notice the old notion that conquest conveys with it certain rights. Conquest, in the history of the world, has been a crime ninety-nine times out of a hundred, and can convey no rights whatever in such cases; while it entails upon the nation that achieves it, guilt of no ordinary dye, and responsibilities of no ordinary magnitude. But if we allow that every territory we acquired in India was a conquest—which is far from being the case—and that every conquest made was necessary or justifiable, the fact gives us a right to do no more than reimburse ourselves its cost; and in what respect soever beyond that, we use our position to the injury or loss of the subject people, we are guilty of violence of the very same order that is practised, upon a meaner scale, by the highwayman. That England is stronger than India, gives England no right to use the property of India as though it were her own. And yet, who that knows the history of our financial relations therewith, but knows that, had the might of the two countries been equal, a widely different apportionment of the liabilities incurred in maintaining the connexion, would have taken place? Although India is subject to us, we are bound to deal with her as scrupulously as though she treated with us upon an equality; and, distasteful as these sentiments may be to a class of Englishmen, I shall not mince their statement. Common decency has been wanting in our dealing with the Indian Treasury; and we look in vain even to-day for a spirit of strict integrity, much more a very nice sense of honour,

in the management of our financial relations therewith.

The principle upon which all those relations have hitherto been settled is the assumption that England never had any interest in the acquisition of the empire, and has none whatever in its maintenance. It is this mischievous falsehood that lies at the root of all our relations with that empire, and taints them all with injustice. The boast of the old East India Company, that the empire of India had been won for the English Crown and maintained without the cost of a shilling to the English nation, was as true as it was discreditable. The Company had unlimited control of the revenues of India, as the Crown has now. It did with those revenues what it pleased, as the Crown does now. No question is ever raised as to the equity or the justice of the vast appropriations which we are making year by year from the Indian taxes; and the consequence is that every charge we can connect, however remotely, with the *name* of India, is cast upon the Indian Treasury. Instead of a scrupulous regard to what equity and good faith suggest—a careful attempt to apportion the cost of maintaining the connexion of the two countries between them, upon the principle *that each should pay according to the benefits* it derives therefrom—India is made to pay the whole, and a fierce impatience is shown by the English press of all efforts to get the relations of the two countries placed upon an equitable basis.

The notion is ingrained in this country that India

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is a trust to be administered, as well as we can, out of what revenue may remain, *after* all our demands thereon are satisfied. That for the benefits which England derives therefrom, she should pay anything, is an idea that belongs to a purer national morality than we have yet attained. The English press is impatient even of hearing that we derive any advantages whatever from our Indian empire. Thus, although Ireland is being depopulated by emigration, it professes to regard the necessity of recruiting the Indian army with 5,000 or 6,000 men a-year as of itself a grievance so intolerable, that it will rather "cut the Indian empire adrift than allow it to cost us one shilling." Now all this is bad and unworthy. I do not stay to suggest that five or six thousand loyal soldiers in India, are an improvement upon five or six thousand Fenians in America; but it is strange that writers of even such a stamp as these, can overlook the prestige which the Indian empire gives us in the world. England would, doubtless, have been a powerful kingdom though she had never possessed a foot of ground in India; but it is the supremacy she wields in Asia which is, after all, the secret of her ascendancy in Europe. Not a political movement can take place on the Continent, but its bearing upon our Eastern empire has to be considered by its authors, and its results weighed in connexion therewith. Do you think this country would speak with the authority she does, but that she speaks with the prestige of a people holding the destinies of half Asia in their hands, and wielding its resources at their will?

It is marvellous that national selfishness should blind us to such considerations. And there is a remarkable fact behind this; there is something more, I believe, than a mere acquiescence, on the part of Europe, in the strange dominion we have established in Asia. There is the consciousness, if I mistake not, that it is *well* for the world, that England should hold that dominion. In the great rebellion of 1857, so fitted to awaken them, the jealousies of Europe were laid to sleep in the presence of the calamity which had stricken us. Not a hand moved throughout the Continent, to embarrass our effort to reassert our tottering supremacy. The truth I believe to be that the *conscience* of Europe acquiesces in, and approves, the maintenance of England's rule in India. It was felt everywhere, that upon the whole, the rule of England was a wise and elevating rule, and that to assist in its overthrow would be a treason against the human family. Now the prestige of occupying such a position in the opinion of mankind is very great and ennobling, and furnishes a powerful argument for effort on the part of every lover of his country to purge its relations with India from all taint of selfishness, much more of injustice.

That Indian empire of ours has become in these days a subject of interest in the remotest corners of Europe. There is not a railway, nor a river, nor a valley, nor a mountain track, on the great lines of communication with the East, where the Anglo-Indians and their strange empire, are not now subjects of wonder with the people. With the

Switzer, the Tyrolese, the Italian, the modern Greek, the Turk, the Egyptian, and the Arab, as well as the Frenchman and the Russian, the Anglo-Indian and the Anglo-Indian empire are ever present as great and unaccountable phenomena. The moral effects of this prestige upon the national character are not easily measured, and the man who overlooks them has little pretensions to insight or to statesmanship. Shorn of her Indian empire, England would be deprived, not merely of the direct material advantages she derives therefrom, but of indirect influences of the most important kind in the formation of the national character.

In the course of the discussion raised some two or three years ago in this country by Mr. Goldwin Smith, as to the advantages derived by England from her colonies, one of the leading journals of the country, the *Economist*, told us that the proportion in which each party should contribute towards the cost of defending these possessions should be determined, amongst other considerations, by "the respective interest which each has in maintaining the connexion," and "the respective capacity of the two parties." Let us, now, apply these considerations to the case of India. The first is—

The respective interest which each party has in maintaining the connexion.

Now, as England does not contribute anything to the defence of India, we must conclude that she has either no interest in maintaining the con

nexion, or that she is unjustly evading her share of the cost. There is no escape from the alternative, if the *Economist* be right; and that it is right no honest man, I think, can doubt. If we were asked, for instance, to state the reasons why England maintains so large an army in India, I suppose the answer must be somewhat as follows :—

1. For the maintenance of good order and quiet in the country.
2. For repelling outward aggressions upon the people.
3. For the maintenance of our monopoly of the chief administrative posts therein.
4. For the safety of our millions sunk therein.
5. For the control of all the commercial relations of India with other countries.
6. For the supremacy of England throughout the East.
7. For the national *prestige*.

Can any candid person review this answer—and I believe it is a strictly correct one—and yet contend that, vast as are the interests we thus have in the maintenance of the Indian army, we ought not to be called upon to defray any part of its cost? Why not?—but upon some such notion as I have attempted to explode, that conquest gives us the right to exact from India the payment of the whole. I admit at once that it may be contended, upon the other hand, that India has an interest in the maintenance of England's independence, and might, therefore, be called upon to defray part of the cost of defending this country: and it is barely

possible that a careful inquiry into the just liabilities of the two countries would lead to but a slight amelioration of India's burden. The high-handed refusal of this country, however, to submit the question to the arbitrament of justice, and the assumption of a right to dispose of the revenues of India at pleasure, is most unworthy.

"That the rule laid down by the *Economist* is not allowed to guide our course, is well illustrated by the fact that we have devolved upon the people of India, the whole cost of suppressing the rebellion of 1857. Now that rebellion was no more justly chargeable upon the people of Central and Southern India, of Sind and the Punjab, than upon South Australia. If any people were strictly answerable for the event, it was the English people, who have nevertheless devolved the whole cost of suppressing it upon India. Allow that the British provinces of India had a deep interest in its suppression—had not the Nizam, Holkar, Sindia, Rajpootana, and the Travancore states an equal interest therein? And if we cannot decently make these states responsible for the disgraceful mutiny of *our* soldiers, does the fact give England a right to fasten the cost of its suppression upon the loyal people of Madras and Bombay; while as much interested herself therein as they, she refuses to touch the burden with her little finger.

If we turn to the other principle laid down by the *Economist*—viz.:—

The respective capacities of the parties to sustain the cost,

we must admit at once that as England is the wealthiest of all countries, while India is amongst the poorest, judgment must be pronounced against the course we are following, without hesitation. The truth is that, at present, no law but that of "the stronger" regulates the matter. We are stronger than India, and we refuse to discuss with her the grounds upon which we deal with her treasury; and we have ever done so.

Throughout the early period of British rule in India, the notion was openly avowed, and acted upon, that the surplus revenues of India—if there were any—belonged of right to the English people. It is cause of astonishment to us in these days to find even Mr. Mill, in his efforts to depreciate the East India Company and the value of their possessions, maintaining that unless "India affords a surplus revenue which can be sent to England," she is a severe burden and a drain to England.

In conformity with these views were all the early Acts of Parliament, regulating the relations of the nation with the East India Company, drafted. When the East India Company were first invested with the Dewanee, or Civil Government of Bengal, Bahar, and Orissa, in 1765, the Parliament consented to guarantee them in the possession of the territories and revenues, they were thus called to administer, only upon their undertaking to pay 400,000*l.* per annum into the English Treasury! In other words, the Parliament consented to their governing, or misgoverning, the territories conferred upon them by the Mogul, only upon the condition that they wrung

from the miserable people of those provinces, a contribution of 400,000*l.* a-year for the English Treasury. Many of you are familiar, I dare say, with the result. Under the combined pressure of private and Governmental exactions, so vast an abstraction of capital marked the first twenty years of our rule in Bengal, that the province was reduced to a condition of almost hopeless misery. The amount of capital thus abstracted from India during the first forty years of our rule therein, from 1765 to 1805, was enormous. I have looked somewhat carefully into the subject, and I avow my conviction that if we calculate the annual increase of that capital at 5 per cent. only (the current rate of this country), England is to-day richer by 1,000,000,000*l.* sterling, and India poorer by the same amount, than either country would have been but for that abstraction.

Political writers in this country systematically depreciate the value of our Indian empire, simply that they have no notion of the extent to which India has ministered to the wealth of England. Five millions of capital wrongly abstracted from India under the rule of Clive and Hastings, and brought to a land of industrial activities so great as ours, represents to-day a sum almost fabulous; while it is impossible to measure the disastrous effects of such a loss upon a country so wretchedly poor as the India of those days; a country in which the common rate of interest is from 15 to 25 per cent.

I wish, gentlemen, for the honour of my own country, and of the pure and holy religion which it

professes, that I could point to this wrongful abstraction of Indian capital as purely a thing of the past. In the coarse but expressive language of Mr. Laing, India has too long been "the milch cow of England." She unhappily continues to be so to this day; and there is no hope, I fear, of the financial relations between the two countries being settled upon an equitable basis, until the people of India themselves wake up to the wrong that is being committed, and speak their determination that it shall cease. It is to incite you to discharge this duty that I have chosen this subject to-night, and if Englishmen have been guilty of injustice to your country in the past, let an Englishman do something to redeem the national character by calling your attention to the wrong, which, in your want of political knowledge, you and your countrymen overlook.

The period is approaching when the Indian accounts for the year will be laid upon the table of the House of Commons. No question will be raised concerning them; for there is almost no one within the walls of Parliament who has a sufficiently exact acquaintance with the subject of the Indian finances, to make an effective criticism of the balance-sheet that will be presented. Now I want you to address yourselves to the task of examining that balance-sheet in earnest. Your first efforts will be feeble, and may seem almost in vain; but if you persevere in the patient and determined effort to enlighten the public mind of my countrymen upon the subject, you will at last succeed. You will find a Member here and there willing to listen to your

representations, and ready to enforce them upon the attention of the House. You will find by degrees political writers in the country coming to your assistance, men in whose hearts a love of justice has been implanted from on High; and happy is it for England that it is these men who, in the long run, guide the counsels of their country.

The first step to be taken is to get the accounts themselves presented in a more effective shape. At present they are far too general to admit of effective and close revision. What is wanted is that the Indian accounts should be presented in the shape in which the Home Budget and Estimates are laid before the House. In particular, I would have you direct close attention to what are called the Home Charges of the Indian Government. In round figures, the revenues of India are about 46,000,000*l.* a-year, and they are administered through two treasuries—the Indian Treasury and the Treasury of the India-office in London. And it is with the accounts of the latter that your Society should occupy itself in the first place. And for this reason: that whatever improper expenditure may take place in India, is made upon Indian soil and Indian industry. The expenditure of the London Treasury—the Treasury of the Secretary of State for India—is of a very different character. The receipts of that Treasury, amounting to 8,000,000*l.*, I suppose, a-year, represent so much capital drawn from India by means of taxes, and there is a very wide difference, gentlemen, between the effect of taxes spent within the country in which they are raised, and taxes spent without it.

Taxes spent within the country in which they are raised are an evil, but taxes spent without a country mean the total loss of so much national capital as they amount to; and it is for this reason that I would urge you to concentrate your attention at first upon the expenditure of the Westminster Treasury.

It is not my intention to discuss minutely in this paper the charges which the Home Treasury sustains. I express to you my full conviction, however, that many of those charges are inequitable, and ought not to be borne by India at all; and in setting you upon the task of investigating them, it will be as well, perhaps, to give you a hint or two as to some of the principal of them. Take, then, the very first item that figures in the list. You will find it is a payment of 630,000*l.* a-year for what are called "Dividends upon East India Stock." Now that charge has been figuring in the Indian balance-sheet for more than thirty years, and its history is as follows.

The paid-up capital of the old East India Company amounted to the sum of 6,000,000*l.* sterling, and with this capital they carried on the somewhat incongruous occupations of East India merchants and rulers of India. Well, it was found impossible to keep the accounts of the two separate; and in 1834, when Parliament put an end to the trade of the Company altogether, the capital of the Company had disappeared, and a debt of fifty or sixty millions sterling was owing by them. Whether the revenues of India had gained or lost, upon the whole,

by the trade of the Company, no man could tell. Some said one thing; some another. The only thing that was certain was, that the financial result of the joint business of trading and ruling, was an enormous debt. The Company and India were ever treated, by this country, as partners; and under that partnership the former was empowered, by Act of Parliament—let the net result of their trading and governing be what it might—to declare a dividend every year of 10 per cent. upon their 6,000,000*l.* of capital called East India Stock, even though they had to borrow the money to pay it. The result was that the price of that Stock ruled constantly somewhat above 200. Well, in 1834, the nation determined to put a stop to the trade of the Company altogether, and to confine them to the business of administration. It was affirmed that the interests of English merchants demanded that the trade should henceforth be open in their favour. The Company itself protested that great profits had accrued to the Indian revenues from the trade, and that their debt would have been much heavier but for these profits. I believe it was impossible to determine, with any reasonable certainty, what the net result of the trade had been, except for the last few years of its continuance.

Parliament resolved, however, and wisely, that the trade of the Company, whether it were profitable or otherwise, should cease, in the interests of the private merchants of Great Britain. In other words, the partnership between the East India Company and the people of India was declared dissolved,

and, as there were little assets to divide, but enormous liabilities to meet, it was generously determined that the East India Company should be let out of the partnership, and the people of India required to pay the Company *just twice the amount* of their paid-up capital, or a sum of 12,000,000*l.* sterling, on the ground, forsooth, that they had for very many years been empowered by the same Parliament to declare an annual dividend out of Indian revenues of 10 per cent. upon their 6,000,000*l.* of Stock!

It is truly amazing that such a transaction should have been possible. Upon the supposition that the trade was profitable, surely it was reasonable, when transferring that trade to the merchants of this country, that *they* should have indemnified the East India Company for its loss. On the other hand, if the trade was not profitable, it was monstrous to require the people of India to recoup the Company twofold for the capital it had lost therein.

If we even assume that the Company's capital had been sunk on territorial account, the replacement of that capital out of the revenues of India, was all that could be justly exacted therefrom: while to require that India should pay a forfeit of 6,000,000*l.* sterling beyond that capital, that the merchants of Great Britain might obtain the advantages of an open trade with China, does seem the very acme of injustice.

However, so it was determined, and the result is, that you will find a charge of 630,000*l.* entered year by year in the Indian balance-sheet as the first

item of the Home charges. Well, it depends largely upon you whether that item shall remain there. This item alone represents (without interest) an abstraction of capital from India since 1834 of no less a sum than 19,000,000*l.* sterling! With interest at five per cent. only, it would represent, I suppose, two-thirds of the present debt of India.

With a show of great magnanimity you have sometimes been told that though India should eventually prove a losing speculation to us, it is our plain duty to continue the administration of its affairs: "There [India] we have established our "supremacy over nations naturally hostile, and "with a civilisation as elaborate as our own, but "degrading and noxious. We have by degrees "made every other rule except ours impossible. "We have taken possession of the most magnifi- "cent field for doing good ever presented to any "people. It would be simple infamy to give it up, "because we had suddenly discovered that it was "not also a field for making money; or that we "could make the money without the trouble or "responsibility of governing it. Whatever India "may hereafter cost us, we must retain our empire "there; because it is not a nation that we have "conquered, but a crowd of warring races whose hos- "tilities we have repressed; and because our rule "is a blessing which we have succeeded, in pursuit "of our own selfish aims, in making indispensable."

This is all excellent and true, and my only objection to it is the claim put forward to any *magnanimity* for the resolution to hold India. The value of the

Indian empire to ourselves, is systematically and dishonourably ignored. The vast material advantages we reap from its possession, the mine of wealth it has proved to us, are thrown into the background, and never even alluded to. While India costs us nothing—or, more truthfully, while she is willing to remain the milch cow of England—it is our solemn duty, it seems, to retain the empire in the interests of India itself. But advance the least claim upon the English Treasury, however equitable it may be, and the national temper is at once expressed in the threat to "cut us adrift." Now we do not want any assistance from the Home Treasury. England is at liberty to squander what money she pleases upon Canada, Ceylon, the Cape, or the Mauritius. But what we do want, and what you must insist upon, is that she will cease indenting upon *your* treasury for charges you ought not to bear. Were the apportionment of the so-called Indian debt brought into any court of equity in the world, I am sure that two-thirds of it, if not the whole, would be promptly declared an English, and not an Indian, liability at all. It is hypocrisy in these circumstances to talk about "our solemn duty" to retain the sovereignty of India. We retain it for our own advantage, as we made its conquest for our own advantage. And before we can rightly talk of its being our duty to retain it, we must purge ourselves of the selfishness that vitiates all our relations.

We wrested Mauritius from the French, the Cape from the Dutch, Canada from the invasion of the Americans, and later from its own rebellion—but in none

of these cases did we venture to impose the cost of the expeditions which achieved these successes upon the people of those dependencies. But not content with empire as the reward of victory in India, we have made its people pay to the last farthing the cost of the wars in which that empire was gained; and then used their resources as we pleased to maintain our supremacy in other parts of Asia.

Thus there is a demand annually made upon the Indian Treasury for the sum of 3,000,000*l.*, in payment of interest on the debts incurred in the prosecution of the Affghan War, and in the suppression of the Indian Mutiny. Now I speak within the hearing of men who are quite able to verify what I say, when I affirm that the large sum of money thus claimed is taken from India every year, by no law but that of might. Will it be contended seriously that the Affghan War was entered upon in the interests of India, or that India had any voice whatever, either in its prosecution or its close? It was a purely English war, undertaken by English statesmen in the teeth of the rulers of India, and in purely English interests; and so mistaken and so guilty was that war, that it has come to be called proverbially "the *iniquitous* Affghan War."

And yet, though India had nothing whatever to do either with its inception, its responsibility, or its prosecution; and though the East India Company protested earnestly against the whole affair; this country has fastened the whole cost of it, namely, 1,000,000*l.* a-year in perpetuity, upon the people of India. Already the sum abstracted from them

on account of that war does not fall short of the whole amount of our boasted expenditure upon Indian railways. We are at the present moment taking 1,000,000*l.* sterling a-year from India for the cost of that iniquitous war; and we mean to take it still. I do not stay to notice the miserable pretences upon which the interests of India were sought to be linked with that war, which cost, directly or indirectly, 20,000,000*l.* to 30,000,000*l.* before its last traces disappeared from the Indian balance-sheet.

Once more I point your attention to the fact that England is also exacting 2,000,000*l.* every year from India, and means, unless you forbid it, to exact it in perpetuity, for the suppression of the Indian Mutiny. And yet, what fact in equity can be more certain, than that the cost of suppressing that outbreak should be borne by those by whose misrule it was occasioned? There is no longer any controversy as to its causes. The English Government of the day was committed to a course of spoliation of high and low. On one pretext or another, our treaties with the native princes of the country were violated, that we might seize their possessions, while Enam commissioners were sweeping as with a besom all the private freeholds of the country into the Government treasuries. It was impossible all this while to secure a hearing for any remonstrance that came from India. Every petition presented to either Lords or Commons was treated as so much waste paper; and when at last a rebellion occurred, we bound the whole cost of its suppression, to the last

farthing, upon the shoulders of the people. But we reversed our policy, and signed judgment against ourselves for the debt in doing so.

Before I dismiss this subject, let me ask your attention to a fact concerning the Mutiny debt, which ought to be put prominently forward by you. It happened that a large part of this so-called debt of 40,000,000*l.* was incurred just at the time when this country was under the panic of a French invasion. There were no fewer than 100,000 troops in India at the period, the depôts of which, amounting to 22,000 men, were in this country. Well, all through that panic, those depôts formed a most important part of the national defences of the country, and English statesmen and newspapers comforted themselves with their presence here. Can you believe it possible, then, that the whole cost of their maintenance was thrown — as the cost of these depôts ever was thrown — upon the Indian Treasury, upon the pretext that the regiments to which they belonged were serving in India? Comment upon such a fact is superfluous.

Were India powerful enough to resist these misappropriations of her revenues, the Home Government would cease to make them; and while these practices and others of the same kind are persisted in, it is impossible to listen without disgust to writers who tell us that England retains her Indian empire from a solemn sense of her obligations thereto. It has been estimated that the acquisition and defence of her colonial dominions have cost her in the aggregate 400,000,000*l.* sterling, or half the total amount of

her debt. India, meanwhile, has never cost her anything, while every charge that can be connected even remotely with its name is cast upon it without hesitation.

Up to this hour the Lords of the Treasury, in concert with the General Post-office, have fastened upon the Indian Exchequer half the loss which annually accrues upon the transit of the Mediterranean, Egyptian, Ceylon, and China mails; and till lately India was also made to bear half the loss of the Mauritius and Australian mails, upon the monstrous pretext that India was as much interested in the conveyance of those mails as England! Again; it is not enough that India is willing to pay her full share of the loss that arises upon the conveyance of the present Indian mails to Bombay, she will be allowed a weekly mail thereto only upon condition that she consents to bear the whole cost of it, and half the loss that will accrue upon the conveyance of useless mails, *vid* Galle, carried for the sake of English interests. Is not such conduct fitted to awaken indignation and remonstrance?

Bear in mind, gentlemen, that this unjust abstraction of capital from your country is fatal to its well-being. With reference to its economical effects upon the condition of India, the tribute paid to this country is by far the most objectionable feature in our existing policy. "The burden of a tribute," says a late excellent writer upon this subject—I mean Major Wingate—"is aggravated in proportion "as the tributary country is backward in civilisa- "tion, and possesses few mechanical and scientific

" aids for augmenting its productive power; for the
" net income of such a country, or the surplus of
" the gross produce of the nation's industry over
" and above the quantity required to replace the
" amount consumed in production, must necessarily
" be small. A country in the high state of indus-
" trial development of our own, could probably pay
" in tribute one-half of its whole taxation more
" easily than India could pay one-tenth, which was
" not far from the proportion that the tribute bore
" to the gross revenues before the outbreak of the
" mutiny. From this explanation some faint con-
" ception may be formed of the cruel, crushing
" effect of the tribute upon India. Let the reader
" endeavour to picture to himself what the present
" condition of India would have been, had the
" eighty or ninety millions of Indian taxes, which
" have been transferred to this country in the pre-
" sent century, been spent in India upon repro-
" ductive public works calculated to augment the
" producing powers of that country. India would
" long ago have been penetrated in every direction
" by roads, canals, and railroads. Agricultural pro-
" duce would, by means of the facilities of transit
" thus afforded, have been drawn from the remotest
" parts of the interior to the seaboard for export to
" foreign countries, and those regions which now
" cannot import, because they cannot export, would
" have become consumers of foreign commodities in
" exchange for the produce thus sent away. It is
" probably a poor and inadequate conception to
" suppose that the net surplus of Indian industry

"beyond the cost of production, as distinguished "from the gross production, would by these means "have been doubled or trebled. The Indian "tribute, whether weighed in the scales of justice, "or viewed in the light of our own true interest, "will be found to be at variance with humanity, "with common sense, and with the received maxims "of economical science."

Well, I want to see this Society addressing itself to an effective scrutiny of the items of which this tribute is composed. You will find some charges therein that ought not to be borne by India at all (as the pensions of the St. Helena Establishment and the cost of the new India office in Downing-street). You will find others that ought to be fairly apportioned between the two countries, instead of being cast wholly upon the poorer one, as is now done.

For, "if we have governed India not merely, nor "primarily, for the natives of India, but for our-"selves, we are clearly blameable in the sight of "God and man for having contributed nothing to "maintain our supremacy therein. Our fair share "of the cost of maintaining that supremacy, repre-"sented by the degree in which British interests "have decided our course—be it great or small—"should have been duly paid. This has never been "done; but, on the contrary, a vast amount of "capital has been abstracted from your country "upon pretences fitted to bring a blush upon the "cheek of honest men. England has been powerful, "and India at her feet, and little chance has the weak "had of enforcing moderation upon the strong."

There is but one way, gentlemen, to get this remedied, and happily it is within your reach. With all our shortcomings and offences, we have done much to atone for them, in placing an effective weapon of redress in your hands. For we have made you what you are, free and educated men; and in challenging you to-night to turn your arms against us that you may force us to be *just* towards you, I know I am consulting not merely the material interests of your country; but the honour and well-being of my own.

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